

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2184 - SB 2493

February 24, 2018

SUMMARY OF BILL: Authorizes the Supreme Court to designate any former judge with at least one year of creditable judicial service to hear complex commercial disputes. Authorizes the Supreme Court to designate a senior judge to hear complex commercial disputes even if the former judge lost his/her most recent reelection or retention bid.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – If the Supreme Court designates current senior judges to handle such complex disputes, then the proposed legislation will not significantly increase state expenditures. If the Supreme Court designates an additional senior judge, the proposed legislation would result in a recurring increase in state expenditures of \$247,600 and a one-time increase in state expenditures of \$24,800.

Assumptions:

- The Administrative Office of the Courts (AOC) indicates that there are currently three senior judges. If the Supreme Court assigns complex commercial disputes to these three senior judges, the proposed legislation will not significantly increase state expenditures. However, if the Supreme Court designates a new senior judge, the proposed legislation will increase state expenditures.
- Under the *Senior Judge Enabling Act*, a senior judge receives a salary calculated on the amount of time the senior judge actually works based on a rate of payment equal to the current compensation of the former office held by the senior judge. However, if a senior judge receives retirement allowance, then the combined annual amount of retirement allowance and annual salary received cannot exceed the current annual compensation of the office from which the justice or judge retired.
- There is insufficient data to reasonably determine the average salary received by the two senior judges created by the proposed legislation. However, based on information from the AOC, it is assumed that each senior judge will receive approximately \$100,000 in annual salary.
- Each senior judge will require \$30,600 in recurring state expenditures for travel, rent, books/online subscriptions, and supplies and \$23,000 in nonrecurring state expenditures for furniture and books.

- It is assumed that any senior judge designated under the proposed legislation would have been elected prior to July 1, 2014, and, therefore, receive benefits under the Legacy Plan of the Tennessee Consolidated Retirement System.
- The proposed legislation could increase recurring state expenditures by \$168,835 per judge [$\$100,000 + (\$100,000 \times 23.33\% \text{ benefits}) + (\$100,000 \times 7.65\% \text{ FICA}) + \$7,254.96 \text{ insurance} + \$30,600 \text{ travel, books, etc.}$] and nonrecurring state expenditures by \$23,000 per judge.
- Under Tenn. Code Ann. § 17-2-305(c), each senior judge is entitled to secretarial and research assistance. According to the AOC, most senior judges opt for a law clerk rather than a secretary.
- Each law clerk will receive a salary of \$56,868. Each law clerk will require \$3,600 in recurring state expenditures for travel and \$1,800 in nonrecurring state expenditures for furniture.
- The proposed legislation will increase recurring state expenditures by \$78,766 per law clerk [$\$56,868 + (\$56,868 \times 11.77\% \text{ benefits}) + (\$56,868 \times 7.65\% \text{ FICA}) + \$7,254.96 \text{ insurance} + \$3,600 \text{ travel}$] and nonrecurring state expenditures by \$1,800 per law clerk.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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